TARIFF EXPLAINED

The CONGRESSIONAL DIGEST

Vol. I MAY, 1922 No. 8

The Tariff Bill and American Valuation Explained and Discussed Pro and Con

By

Congress, Lobby, Press

American Valuation in 1833

Clay vs. Calhoun

Party Tariff Policies

Review of Revenue Act

Glossary of Fiscal Terms

Regular Features

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STATEMENT OF OWNERSHIP, ETC.

(Required by Act of Congress, August 24, 1912)

Of CONGRESSIONAL DIGEST, published monthly at Washington, D. C., for April 1, 1922.

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ALICE GRAM, *Editor*

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THE UNITED STATES CONGRESS

Congress is composed of two branches, the Senate with 96 members and the House of Representatives with 435 members. A bill must pass both branches before it can become a law.

The 67th Congress convened on April 11, 1921, and will expire on March 3, 1923. The first session adjourned on November 23, 1921. The second session convened December 5, 1921, and will probably adjourn before fall. The third session will convene the first Monday in December, 1922.

The Steering Committee Program

The following program of legislation represents the leading issues before Congress which are scheduled for action before adjournment. This program is formulated by the Steering Committees of the Senate and House, which are composed of leading members of the Republican party, the majority party in control of this Congress.

1. Annual Appropriations.
2. Tariff Revision.
3. Soldier Bonus.
4. Merchant Marine.
5. Reclassification of Government Employees.
6. Reorganization of Government Departments.
7. Reclamation of Arid Lands.
8. Adjustment of Foreign Loans.

Status of Bills Comprising Steering Committee Program

ANNUAL APPROPRIATIONS

Twelve annual appropriation bills have been passed by the House since the opening of the second session. Ten of these have passed the Senate, four have become laws, six are in Conference and two, the War Department bill, H. R. 10871, and the Navy Department bill, H. R. 11228, are still in committee in the Senate.

TARIFF REVISION

The Fordney-McCumber Tariff bill, H. R. 7456, has been made the unfinished business of the Senate. (See page 6 for full treatment.)

SOLDIER BONUS

The Fordney bill, H. R. 10874, adjusting compensation for World War Veterans, passed the House on March 23 without provision for raising the required revenue. The Senate Finance Committee which has the bill under consideration is trying to devise a revenue raising plan before reportng the bill to the Senate for action. Since all revenue measures must originate in the House the Senate would be obliged to amend the Tariff bill in order to provide revenue for the Bonus measure. A conference of all the Republican Senators on April 18 voted to pass a Soldier Bonus bill before Congress adjourns.

MERCHANT MARINE

Joint hearings which began April 4 are still in progress before the Senate Committee on Commerce and the House Committee on Merchant Marine and Fisheries, on the Jones-Greene bills, S. 3217, H. R. 10644, which embody the President's recommendations to Congress for building up the American Merchant Marine.

RECLASSIFICATION OF GOVERNMENT EMPLOYEES

Action on the Sterling-Lehlbach Reclassification bill, H. R. 8928, by the Senate Committee on Appropriations, which must pass on the salary schedules in the bill, is expected as soon as the Army and Navy Appropriation Bills are reported. The bill passed the House on December 15, 1921, and was reported to the Senate from the Senate Committee on Civil Service on February 6.

REORGANIZATION OF GOVERNMENT DEPARTMENTS

Last spring a Joint Committee on the Reorganization of the Administrative branch of the Government was appointed by President Harding with Walter F. Brown (not a member of Congress) as chairman. A preliminary report has been made by Chairman Brown to the President. As soon as the President's recommendations are received the Committee will hold hearings and then draft a bill embodying the changes which require action by Congress to be executed.

RECLAMATION OF ARID LANDS

The McNary-Smith bills, (S. 3254, H. R. 10614), "To encourage the development of the agricultural resources of the United States through Federal and State cooperation, etc." have both been reported from their respective committees and are awaiting action by the Senate and House.

ADJUSTMENT OF FOREIGN LOANS

On April 11, the Senate confirmed the appointment of Senator Smoot of Utah and Representative Burton of Ohio to the Commission to Adjust Foreign Loans. The Commission which consists of Secretaries Mellon, Hughes and Hoover, Senator Smoot and Representative Burton was established by an act of Congress approved February 9, 1922.

News of Bills Previously Discussed in This Magazine

APRIL—VOL. 1, NO. 7

April 30, 1922—The Johnson Naturalization Bill (H. R. 10860) for the education and naturalization of aliens is still before the House Committee on Immigration and Naturalization where hearings are in progress. The bill with slight changes was introduced in the Senate by Senator Shortridge of California on April 5, 1922, and referred to the Senate Committee on Immigration. (S. 3403.)

MARCH—VOL. 1, NO. 6

April 30, 1922—The Dyer Anti-Lynching Bill, (H. R. 13), which passed the House on January 26, 1922, has been recently referred by the Senate Judiciary Committee to a sub-committee with Senator Borah as chairman. Hearings before the sub-committee are scheduled, but no date has been set.

FEBRUARY—VOL. 1, NO. 5

April 30, 1922—1. The Sterling-Lehlbach Bill for the Reclassification of Government Employees (H. R. 8928) which passed the House on December 15, 1921, is still pending action by the Senate Committee on Appropriations. The bill has been reported favorably by the Senate Committee on Civil Service but before it can go to the Senate for action must pass through the hands of the Appropriations Committee because of the salary schedules contained in the bill.

2. The Hayden Peyote Bill, (H. R. 2890), is lying dormant before the House Committee on Indian Affairs. On March 6 Representative Hayden introduced H. R. 10738, a new bill to prohibit the transportation of peyote in interstate commerce. This bill has been referred to the House Committee on the Judiciary where friends of the measure look for favorable action at an early date.

JANUARY—VOL. 1, NO. 4

April 30, 1922—The Siegal Bill, (H. R. 7882), for the Reapportionment of Representatives in Congress has been formally laid aside by the House Committee on the Census by a committee resolution to defer action on the re-apportionment issue until the next session of Congress in December.

DECEMBER—VOL. 1, NO. 3

April 30, 1922—The Towner-Sterling Bill to Establish a Department of Education (H. R. 7, S. 1252) is still lying before the respective Committees of Education of the Senate and House, awaiting the President's recommendations on the Reorganization of the Government Departments.

2. The same situation applies to the Fess-Capper Bill for the Promotion of Physical Education (H. R. 22, S. 416). Since many of the provisions of this bill are incorporated in the Towner-Sterling bill it was decided by friends of both bills to bend their joint efforts for action on the larger bill. In case these efforts fail the smaller bill will be pushed independently. Friends of the Towner-Sterling bill are planning to press for action before this session adjourns, although the policy of the Administration to curtail all possible appropriations would make its ultimate passage at least before elections, very uncertain.

3. The Myers Bill to Exempt Dogs from Vivisection in the District of Columbia (S. 758) is still pending action by a sub-committee of the Senate Committee on the Judiciary. Friends of the measure are pressing similar measures in the state legislatures and hope to bring pressure to bear in this way on the Senate bill.

NOVEMBER—VOL. 1, NO. 2

April 30, 1922—1. The Fess-Kenyon Bill to establish a Public Welfare Department (H. R. 5837, S. 1607) which lies before the respective Committees on Education of the Senate and House is entirely subject to the report of the Committee on the Reorganization of Government Departments which is in turn waiting the President's recommendations. A preliminary report was sent to the President by the chairman of the Committee, Walter Brown, several months ago and despite repeated promises of action from the White House, it is expected that the matter will be deferred until after elections.

2. The Campbell-Willis "Beer Bill" prohibiting the use of beer for medicinal purposes became a law on November 23, 1920.

OCTOBER—VOL. 1, NO. 1

April 30, 1922—The Sheppard-Towner "Maternity Bill" for the Protection of Maternity and Infancy also became a law on November 23, 1921. An appropriation of $1,240,000 for the administration of the Act by the Children's Bureau was included in the Labor Department Appropriation Bill for 1923 which was approved on March 28th.

NEW PUBLIC HEALTH BILLS
INTRODUCED DURING APRIL

H. R. 11264, by Rep. Winslow of Massachusetts. A bill to provide for medical and hospital services for the officers and seamen of the Lighthouse Service; referred to the Committee on Interstate and Foreign Commerce.

S. 3470, by Senator Owen of Oklahoma. A bill for the prevention of venereal diseases in the District of Columbia, and for other purposes; referred to the Committee on the District of Columbia.

NEW PUBLIC EDUCATION BILLS
INTRODUCED DURING APRIL

H. R. 11382, by Rep. Mead of New York. A bill to provide study periods for postoffice clerks; referred to the Committee on the Postoffice and Post Roads.

H. R. 11381, by Rep. Mudd of Maryland. A bill exempting junior high school teachers on permanent tenure from the requirement of examination for the position of teacher in the junior high school in the District of Columbia; referred to the Committee on the District of Columbia.

History of *Tariff Legislation

Tariff has been an issue in American politics throughout our history, antedating our national existence. The thirteen colonies each had tariffs of their own, both against foreign countries and against each other and it is claimed that one of the chief objects in the adoption of the Constitution was to establish a single tariff for the nation as a whole. About the first federal enactment of national importance was the tariff act of 1789, enacted less than three months after Washington's inauguration.

The theory of a protective tariff, to encourage the development of new industries, found a fertile field in a new country and was adopted as the basis of tariff legislation from the start. Alexander Hamilton was its most ardent exponent and through the influence of his position as Secretary of the Treasury was able to impress his opinions upon tariff legislation from his day to this. The first act of July 4, 1789, was declared to be for "the encouragement and protection of manufactures." But back in the early days, as now, there were ardent exponents of free trade and of tariff for revenue only and each of the three doctrines has had its measure of popularity throughout American history. Two tariff laws were enacted during the administration of Madison, one in 1812, one in 1816. The law of 1817 was more definitely for the purpose of protection than the previous ones. It was drafted largely by Henry Clay and is considered the parent act to its successors. About 1820 marked the height of feeling on the issue of protection, the north standing in its defense, the south in opposition. This campaign culminated in the tariff act of 1824, enacted during the administration of Monroe.

With the next tariff law of 1828, enacted during the administration of John Quincy Adams, the tariff became the chief issue in political contention. One of the issues in that discussion, as in discussion of the pending tariff bill, was the method of valuation. It created a system of minimum valuation which was bitterly opposed, and was abolished by the subsequent tariff act of 1832, passed in the administration of Andrew Jackson. This act modified a number of the objectionable features, but the determined opposition of the south effected another change in 1833, providing for a gradual reduction in all duties. The last of the Whig tariff acts was passed in 1842, during Tyler's term of office.

The next act, known as the Walker Revenue Tariff, passed in 1846 and signed by President Polk, was the victory of the Democrats and anti-protectionists. It was drafted largely by Robert Walker, Secretary of the Treasury, and a free trader. A further reduction in tariff duties was made by an act of 1857, enacted during Buchanan's term. The period from 1846 to 1857 is often referred to as a period of free trade though it was not really so in fact, but was merely a period in which the theory of protective tariff was out of favor.

The first tariff act of the modern Republican Party was the Morrill act of 1861. This act changed the basis of levying duties from ad valorem to specific duties. Throughout the period of the civil war numerous acts increasing duties on imports were passed as expedients for financing the war, chief among them being an act of 1862 and one of 1864. The extremely high rates made necessary for raising of war revenue gradually merged into a protectionist policy more extreme than that advocated by extremists before the war. The various acts passed between the end of the war and 1883 represent the conflicting interests at work on the one side to retain and make permanent and on the other side to terminate the special war legislation. Chief among them were an act of 1867 signed by President Johnson, and one of 1870 and another 1872 approved by Grant.

The tariff act of 1883 passed during Arthur's administration was a complete revision of tariff legislation. This act was based on the report of the Tariff Commission of 1882. The McKinley tariff act of 1890, approved by Benjamin Harrison, was a further extension of protectionist policy. The political campaigns during the life of this measure were waged on the tariff issue and with the victory of the Democrats the Wilson-Gorman tariff bill, a so-called free trade measure, was enacted in 1894 during the administration of Grover Cleveland.

The Dingley tariff act of 1897 enacted during McKinley's administration was a return to protectionist policy. It was the longest lived of any general tariff legislation and was in force for twelve years. The Payne-Aldrich tariff law was signed by President Taft in 1909. It created the Tariff Board as a permanent part of tariff administration.

The return of the Democrats to power in 1912 resulted in the Underwood tariff law of 1913 and a return to the principle of tariff for revenue only. It carried provision for a permanent board, this time styled the Tariff Commission.

The Valuation Controversy

The valuation controversy has accompanied the tariff issue in Congress for more than a century. In 1817 Senator Nathan Sanford took occasion to challenge the system of foreign valuation and in 1830 Representative Rollin C. Mallary made the foreign valuation system a point of bitter attack.

American valuation first became a definite issue in 1833 when it was championed by Henry Clay and incorporated in an amendment to the "Compromise act of 1833," which was adopted despite a joint attack on it by Calhoun and Webster.

The Walker Tariff of 1846 although it retained foreign valuation was bitterly maligned on this score by President Fillmore in 1852 who strenuously advocated "home valuation" to prevent fraud. In 1882 the issue of "home valuation" was again brought forward by members of Congress, and in 1890 the custom administrative act carried an optional American valuation provision. Substantial provision however first appeared in the tariff act of 1909 where it was limited to consigned goods.

History of New Tariff Bill

On June 10, 1919, hearings on the subject of dyestuffs and other war industries were conducted by the Ways and Means Committee of the House which marked the first step in tariff revision by this Congress. It was not until January, 1921, that the general tariff hearings were opened. These were continued daily until February 16, during which time 1,486 witnesses were assigned time on the committee calendar.

On March 21, the majority members of the committee undertook the framing of the bill with which they were engrossed until June 29, when the Fordney bill, H. R. 7456, was introduced in the House.

On July 6 the bill was reported to the House for action and was passed July 21, 1921.

The tariff bill was referred to the Committee on Finance on July 22, 1921. Hearings upon the bill were begun July 25, 1921, and continued to and including August 31, 1921. In the meantime the internal revenue bill passed the House and was referred to the Committee on Finance on August 22, 1921. Because of the unsettled and continually changing world conditions and the long time that would necessarily be required to prepare the tariff bill for report to the Senate it was decided to put the internal revenue legislation ahead of the tariff bill. The Committee on Finance began consideration of the internal revenue bill on September 1, 1921, and reported it to the Senate on September 21, 1921. The consideration of the internal revenue bill in the Senate required practically the entire time of the Committee on Finance until the conference report was approved in November, 1921. Hearings upon the tariff bill were immediately resumed November 3, 1921, and completed January 9, 1922. Upon the completion of the hearings the Committee on Finance began at once the preparation of the tariff bill and was continuously engaged in this work up to April 10 when the bill was reported to the Senate for action.

**See The Glossary for explanation of fiscal terms.*

The Fordney-McCumber Tariff Bill

"Tariff Act of 1921." H. R. 7456—A Bill

To provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, and for other purposes.

In its complete form the Tariff Bill covers about 350 printed pages. It comprises four main sections or titles as follows: I—Dutiable List, II—Free List, III—Special Provisions, IV—Administrative Provisions. No attempt is made to present the schedules as contained in Titles I and II, which deal with thousands of items.

The chief point of difference between the bill as passed by the House of Representatives and as reported to the Senate (where it is now pending) by the Senate Committee on Finance is the value on which to base the rate of duty. The bill as passed by the House uses "American Valuation." The bill as reported by the Senate Committee on Finance uses "Foreign Valuation," and in addition, provides for a compromise between American and Foreign Valuation known as the "Elastic Provisions."

"AMERICAN VALUATION" CLAUSE OF THE TARIFF BILL *As Passed by the House July 21, 1921*

The word "value" as used in this Act or in any other law relating to the appraisement and classification of imported merchandise shall mean the price at the rate of exportation of the imported merchandise at which comparable and competitive products of the United States were ordinarily sold in wholesale quantities in the customary containers, whether holding liquids or solids, to all purchasers in the ordinary course of trade, including all expenses, *in the principal markets of the United States.*

Where such value cannot be ascertained, value shall be the value for sale of the merchandise in the condition and in the container in which imported. In determining value for sale, appraising officers may take into consideration the selling price or cost of production of comparable products of the United States or of articles made therefrom or from like imported materials, not sold in usual wholesale quantities or not sold to all purchasers in the ordinary course of trade, or not sold at all, and the selling price *in the United States* of comparable imports, or the selling price or market value or cost of production of the imported merchandise in the foreign country, and may include all expenses, including duties, with profits and commissions, assessment of all ad valorem duties to be upon the fair market value of the imported merchandise *in the United States.*

No pretended sale and no sale tending to establish a fictitious market shall be held to establish value; nor shall a value substantially raised or lowered at the time of exportation otherwise than in the ordinary course of trade be deemed such value.—*Direct Excerpts.*

MEMBERS OF THE WAYS AND MEANS COMMITTEE OF THE HOUSE

Who Framed the Original "Tariff Act of 1921" (H. R. 7456), Which Carries the Name of the Committee's Chairman, Mr. Fordney

Republican

Joseph W. Fordney, Michigan, Chairman.
William R. Green, Iowa.
Nicholas Longworth, Ohio.
Willis C. Hawley, Oregon.
Allen T. Treadway, Mass.
Ira C. Copley, Illinois.
Luther W. Mott, New York.
George M. Young, North Dakota.
James A. Frear, Wisconsin.
John Q. Tilson, Connecticut.
Isaac Bacharach, New Jersey.
Lindley H. Hadley, Washington.
Charles B. Timberlake, Colorado.
George M. Bowers, West Virginia.
Henry W. Watson, Pennsylvania.
Ogden L. Mills, New York.
Thomas A. Chandler, Oklahoma.

Democratic

Claude Kitchin, North Carolina.
John N. Garner, Texas.
James W. Collier, Miss.
William A. Oldfield, Arkansas.
John F. Carew, New York.
Whitmell P. Martin, Louisiana.
Peter F. Tague, Massachusetts.
Charles R. Crisp, Georgia.

Biographical Sketches of Members of Congress Whose Bills are Discussed in This Number

As Published in the Congressional Directory

(*Official Publication of the United States Congress.*)

JOSEPH WARREN FORDNEY, Republican, of Saginaw, W. S., was born in Blackford County, Ind., November 5, 1853; received a common-school education, living with his parents on a farm until 16 years of age; came to Saginaw in June, 1869; began life in the lumber woods, logging and estimating pine timber, thus acquiring a thorough knowledge of the pine land and lumber industry, which has occupied his attention since; was vice president of the Saginaw Board of Trade; was elected alderman in 1895 and reelected in 1897; was elected to the Fifty-sixth and each succeeding Congress, and reelected to the Sixty-seventh Congress.

PORTER JAMES McCUMBER, Republican, of Wahpeton; lawyer; elected to United States Senate 1899; reelected in 1905, in 1911, and in 1916.

"FOREIGN VALUATION" CLAUSE OF THE TARIFF BILL

As Reported by the Senate Committee on Finance, April 10, 1922

For the purposes of this act the value of imported merchandise shall be the *foreign value* or the *export value*, whichever is higher; or, if foreign value cannot be ascertained or the merchandise is not an ordinary article of commerce, the *United States value;* or, if none of these can be ascertained, the *cost of production;* or, if there is a similar competitive article manufactured or produced in the United States of a class for which a public finding has been made, the *American selling price* of such article.

The *foreign value* shall be the price at the time of exportation for which the commodity is offered for sale in the country of export, including expenses incurred in placing the merchandise in condition for shipment.

The *export value* shall be the foreign value less any amount included in such price attributable to any additional costs incident to bringing the merchandise from the point of shipment in the foreign country to the point of delivery in the United States, and plus the amount of any export tax imposed by the country of export.

United States value shall be the price that such or similar *imported* merchandise is offered for sale in the open market in the United States at the time of exportation, with allowance for duty, cost of transportation and insurance and other expenses of shipment, commission not exceeding 6 per cent, profits not to exceed 8 per cent and an allowance for general expenses not exceeding 8 per cent on purchased goods, and the cost of all containers and expenses of packing.

Cost of production shall be the sum of the cost of materials and of manufacture or production of the same or similar merchandise at such time prior to date of export as would allow time for manufacture or production, with allowance for general expenses not exceeding 10 per cent of cost, expenses of packing and cost of containers, and an allowance for profit not less than 8 per cent of the sum of the cost of material, manufacture and general expenses.

"ELASTIC" CLAUSE CONTAINING COMPROMISE BETWEEN AMERICAN AND FOREIGN VALUATION

The "Smoot Amendment" in the Bill as Reported by the Senate Committee on Finance, April 10, 1922.

Whenever the President, upon investigation of the differences in conditions of competition in the markets of the United States between domestic products and products of competing foreign countries, shall find that the duties fixed do not equalize conditions of competition, he shall determine the changes in classification or rates of duty necessary to equalize the same *in the markets of the United States*, provided that the total change of rates shall not exceed 50 per cent of the rates specified in this act.

Whenever the President, upon investigation, shall find that an industry in the United States is likely to be injured by the importation into the United States of foreign merchandise, and shall find that the value as determined under the provisions of this act is not a certain basis for the assessment of the particular duties, he shall make such findings public. The duty based upon the value of the imported article in the country of exportation shall thereafter be based upon the *American selling price.*

The ad valorem rates of duty based upon such American selling price shall be the rate shown to be necessary to equalize the differences found to exist in conditions of competition, in favor of either foreign manufacturers or producers, but no rate shall be decreased or increased more than 50 per cent of the rate specified for such merchandise in this act.

In any investigation account may be taken of the price at which similar merchandise is sold *in the United States* and competing foreign countries, wages, prices of materials, and all other items in cost of production in the United States and competing foreign countries, and any advantages of domestic and foreign producers in competitive trade, including laws and regulations affecting the same.

Unfair methods of competition and unfair acts in the importation of merchandise, or in its sale, which tend to injure an industry in the United States, or to prevent the establishment of an industry, or to restrain or monopolize trade are hereby declared unlawful.

Whenever the existence of unfair methods shall be established, the President shall determine the rate of additional duty, not more than 50 nor less than 10 per cent of the value of the merchandise as defined in this act, or in extreme cases he shall direct that such merchandise shall be excluded from entry.—*Direct Excerpts.*

THE "DYE EMBARGO" CLAUSE

Reported by the Senate Committee on Finance—A Controversial Point Not in Bill as Passed by the House

The Dye and Chemical Control (Embargo) Act shall continue in force for one year.

If the President ascertains that the dye rates specified in this act do not equalize conditions affecting domestic products and similar foreign products, or ascertains that an industry in the United States is likely to be injured by reason of importation of similar products, he is authorized to issue a proclamation continuing in force the Dye and Chemical Control (Embargo) Act for the period stated in the proclamation, but not to exceed one year.—*Direct Excerpts.*

MEMBERS OF THE FINANCE COMMITTEE OF THE SENATE

Who Revised the Tariff Bill As Passed By the House. The Bill Now Carries the Additional Name of the Chairman of This Committee, Senator McCumber, and Is Known as the Fordney-McCumber Tariff Bill (H. R. 7456)

Republican

Porter J. McCumber, North Dakota, Chairman.
Reed Smoot, Utah.
Robert M. LaFollette, Wisconsin.
William P. Dillingham, Vermont.
George P. McLean, Connecticut.
Charles Curtis, Kansas.
James E. Watson, Indiana.
William M. Calder, New York.
Howard Sutherland, West Virginia.
Joseph S. Frelinghuysen, New Jersey.

Democratic

Furnifold M. Simmons, North Carolina.
John Sharp Williams, Mississippi.
Andrieus A. Jones, New Mexico.
Peter G. Gerry, Rhode Island.
James A. Reed, Minnesota.
David I. Walsh, Massachusetts.

Tariff Policies

I—Republican Party

"Protection"

There is now, and there always will be, a storm of conflicting opinion about any tariff revision. We cannot go far wrong when we base our tariffs on the policy of preserving the productive activities, which enhance employment and add to our national prosperity.

Again comes the reminder that we must not be unmindful of world conditions, that peoples are struggling for industrial rehabilitation and that we cannot dwell in industrial and commercial exclusion and at the same time do the just thing in aiding world recognition and readjustment. We do not seek a selfish aloofness, and we could not profit by it, were it possible. We recognize the necessity of buying wherever we sell and the permanency of trade lies in its acceptable exchanges. In our pursuit of markets, we must give as well as receive. We cannot sell to others who do not produce, nor can we buy unless we produce at home. Sensible of every obligation of humanity, commerce and finance, linked as they are in the present world conditions, it is not to be argued that we need destroy ourselves to be helpful to others. With all my heart, I wish restoration to the peoples blighted by the awful world war, but the process of restoration does not lie in our acceptance of like conditions. It were better to remain on firm ground, strive for ample employment at home, and point the way to balanced budgets, rigid economy and resolute, efficient work as the necessary remedies to cure disaster.

The privileges of the American market to the foreign producer are offered too cheaply today, and the effect on much of our own productivity is the destruction of our self-reliance, which is the foundation of the independence and good fortune of our people. Moreover, imports should pay their fair share of our cost of government.

One who values American prosperity and maintained American standards of wage and living can have no sympathy with the proposal that easy entry and the flood of imports will cheapen our costs of living. It is more likely to destroy our capacity to buy.

The maturer revision of our tariff laws should be based on the policy of protection, resisting that selfishness which turns to greed, but ever concerned with that productivity at home which is the source of all abiding good fortune. It is agreed that we cannot sell unless we buy, but ability to sell is based upon home development and the fostering of home markets.

We seek to undermine for others no industry by which they subsist; we are obligated to permit the undermining of none of our own which make for employment and maintained activities.—*President Harding, Messages to Congress, April 12, Dec. 6, 1921.*

II—Farm Tariff Group

"Protection"

All the farmers of the United States ask of Congress and all the agricultural Senators are asking is a "square deal." Prosperity begins on the farm. The farmer is the original producer. He is a manufacturer of food products. For decades with the exception of the Emergency Tariff we have had an uneven tariff in this country. Every manufacturer has been protected and safeguarded against unfair foreign dumping and competition. Today the farmer demands equal rights in tariff legislation and it is because the Senate Finance Committee has given the farmer fair consideration that we are supporting the all-American McCumber Bill.

The war, and a few years of reconstruction which have followed, have turned values all over the world upside down. Germany, France, Italy, Poland and other countries are paying their way in depreciated paper monies. The gold standard is a thing of the past. Europe today has paper standards. Contrast this with conditions in the United States. We are still a gold standard country. The average wage paid carpenters, plasterers, painters, bricklayers, machinists and shoemakers is $7.50 a day. In Germany this class of labor is paid in paper money the equivalent of 71 cents a day. There is the same difference between the prices paid for manufactured and food products with the result that paper-backed Europe can produce the same things we do and undersell us in our own markets. Carried to its logical conclusion the time is not far distant when Europe and other foreign countries may be able to swamp both our industries and farms by such cheap products that neither the worker and manufacturer nor the farmer can produce at all. This is already the unfortunate situation in many lines of industry and agriculture.

This is one of the reasons our country needs protection today more than ever in its history. This is why the farmer needs protection as well as the manufacturer. The farmer's chief market is in the United States. Here he sells ninety per cent of his products. Here he makes prosperity but he cannot compete in his home market on a gold standard basis when his competitors abroad send their products here based on paper standards.

So long as standards and values fluctuate abroad, so long as the foreigner can determine the value of goods upon which he is to pay duty, just so long will there be leaks in our tariff administration. The American valuation of imports whenever it is found necessary is favorable because it will enable the farmer, laborer and manufacturer in this country to obtain a square deal under any tariff measure which seeks to protect them.—*Senator Gooding (Idaho), Chairman Farm Tariff Group.*

Tariff Policies

III—Democratic Party

"Revenue Only."

Democrats favor a tariff for revenue which will not afford a shelter for monopoly, but insure reasonable competition, and at the same time will not destroy or seriously injure any industry economically profitable. International trade agreements abolishing all hurtful forms and discriminations in international commerce should be effected. These would embrace the removal of all economic barriers, such as discriminatory tariffs, subsidies, bonuses, bounties, preferential right of port entries, and other unfair trade preferences, drawbacks, rebates, and such other unfair and discriminating trade methods or practices, so as to promote equality of trade conditions among all Nations. This policy would in no sense interfere with the privilege of a Nation to prescribe a high or low tariff as it might see fit. America's commercial future is beyond the seas.

A great creditor nation, possessing a foreign debt of $15,000,000,000, also nearly one-half of the world's gold supply, with a wonderful merchant marine, and a productive capacity of 30% to 40% above its capacity to consume, will be handcuffed and bound by a high protective tariff based upon the modern absurdity that commerce is not barter, that we will sell but not buy, that our debtors can pay us off in gold which we and not they possess, that our merchant marine should only carry freight in our direction, everything going out and nothing coming in, and that our increased production capacity of 30% and increased annual income of $15,000,000,000 should be cut down to equal our home consumption.

The United States must have foreign as well as domestic markets. In order to bring prosperity to the farmer, the miner, the laborer, and to all American producers of surpluses, reciprocal foreign market conditions are indispensible. Our export figures have practically returned to the level of 1913, although in normal times it would have risen each year, and would now be far above the present level. The chief factor in the recent collapse of our merchant marine was the great and sudden decline of our foreign trade. We can never have sound stable prosperity in this country until America assumes her proper responsibilities, as the center of the world finance, commerce and industry, and furnishes such economic and other cooperation as will restore international trade and credit conditions to a reciprocal healthy basis.—*Cordell Hull, Chairman, Democratic National Committee.*

IV—Socialist Party

"Free Trade"

While recognizing that it may be advisable to protect an industry in its incipient stage against destructive foreign competition, the Socialists favor the ultimate establishment of free trade.

At its best, a tariff on imports is an evil. It is in the interest of mankind that all artificial barriers to the intercourse among nations should be removed. It is conducive to the welfare of all that industries should be developed where conditions for their growth are most favorable, that useful things should be produced where they can be produced with the least possible effort, and it is just as essential that there should be a free exchange of products between the various parts of each nation as among nations themselves.

The protected groups of each nation are the sole beneficiaries of high tariffs.

It is impossible to prohibit the importation of goods without arousing hostility and a desire for retribution on the part of the exporting nation. The modern state is to an ever-growing extent becoming the promoter and even the agent of foreign commerce. Every difficulty placed in the way of international commerce becomes an act of hostility. High tariffs have been one of the principal causes of international conflict.

Just now, when the industrial life of the world is upset, it is of particular importance that every obstruction to commerce should be removed.

Some manufacturers in the state of New York might benefit, at least temporarily, by a tariff against imports from the state of Massachusetts, and vice versa, but no one will contend that the people of the United States, as a whole, would benefit by the reestablishment of tariffs among the various states. All the countries of Europe put together do not occupy more space than the United States of America. Commercial barriers between the various states of Europe are just as fatal to the welfare of the peoples of Europe as state tariffs would be to the people of the United States.

No nation can benefit at the expense of an injury to its neighbors. The close interdependence of the peoples of the world compels a higher degree of cooperation than that which we have had heretofore. It should be the task of industrial statesmanship to give free scope to the exchange of the products of human labor, irrespective of geographical boundaries. It is only through reciprocity, which is the mutual exchange of benefits, that we can ultimately come to free trade and to friendly cooperation.—*Hon. Meyer London (New York), Socialist Representative in Congress.*

The House Discusses the Tariff Bill

HON. JOSEPH W. FORDNEY, MICHIGAN

Chairman, House Ways and Means Committee

Pro

It should be recognized by all that the one desire of Congress is to enact a tariff law which will restore industrial activity in the United States and permit the standard of living to be maintained. The United States has many laws in the interest of labor which, however, add to the cost of production, and it would be pre-eminently unfair to our manufacturers who must comply with those laws to be placed in open competition with the product of foreign countries where such laws do not exist.

The immediate result of the enactment of tariff rates which will adequately protect domestic industries will be temporarily to reduce imports of competitive products, thus causing a resumption of our industries and the enhancing of our purchasing power, and with the purchasing power of this country restored a healthy increase of sales of foreign commodities in the domestic market will develop and the prosperity of the United States will be reflected upon other countries, especially upon Canada, our neighbor to the north. A healthy foreign trade, it seems to me, can not be predicated on industrial inactivity.

It is argued by some that we must buy from abroad if we expect to sell abroad, but a more important consideration from the standpoint of commerce is that the American people shall have employment and have money with which to buy.

If we are to have a stable tariff law, we must have a stable basis for the assessment of ad valorem duties. Conditions abroad at the present time are extremely abnormal. Price fluctuations are very violent and discrepancies in prices in the various countries are perhaps greater than at any time during the history of this Nation. The inequalities resulting from imposing ad valorem duties on foreign values are doubly apparent at this time. The present system must be changed, for under its operation duties will be prohibitive where protection is least required, and where protection is most needed the duties collected will be the smallest and will afford no protection whatever.

The controversy between the foreign and American system of valuation is not so much one between the merits of the method as it is between honest and dishonest valuation. It is a fight between American industries and foreign industries, unquestionably, as to which shall occupy the markets of the United States. Between American labor and foreign labor which, in days of stress, shall be employed or who shall walk the streets, gentlemen? Between, in these days, the American home and the foreign home, which shall and which shall not be prosperous and contented? Therefore, let all who are for foreign industry, foreign labor, foreign homes stand for the foreign plan. Let all who are for America and who are for American industry, American labor, and American homes stand for the American plan and for America.

HON. CLAUDE KITCHIN, NORTH CAROLINA

Ranking Democrat, House Ways and Means Committee

Con

It is doubtful if in the history of political affairs a measure so irredeemably and universally vicious has ever been submitted to the law-making power of a civilized society as H. R. 7456.

In these days, when the cost of living is so high and unemployment so widespread that many millions are finding it increasingly difficult to obtain means of subsistence, the American Congress is asked to make dearer and therefore scarcer the commodities essential to support of human life. At the very time when extraordinary efforts are afoot to save from utter ruin great nations, devastated by the late war, it is proposed by this bill to declare a savage commercial war upon the whole human family. Its adoption will be establishment by the United States of an economic boycott against the civilized world. The countries that fought with us in the late war will be victims of its savagery in exactly the same degree as those who fought against us, while at the same time it will oppress grievously our own people.

The result of the late war has been to make this country practically the only market place where the impoverished nations of Europe can exchange the few commodities which they are still able to produce for the commodities of which they stand in dire need.

For this country to arrest or embarrass that process of recuperation by impeding access to its markets would be an assault upon the highest interest of civilization. It is almost inconceivable that such an assault could be contemplated. Yet this bill brings us actually face to face with it.

Foreign commerce is essential not merely to our prosperity but to our very existence.

It is proposed to substitute a system wholly theoretical and untried, impractical, and unworkable by the administrative force in the customhouse, experienced in the present system of valuation, and supported therein by the experience and precedence of 125 years of American customs administration. It will provoke endless confusion and litigation. It will make the business of importation impossible. No man will venture abroad into the markets of the world to bring to the United States the wealth of foreign commerce and industry if he is going to find when he lands his purchases that he is entirely at the mercy of the appraiser, authorized by law, to include in his duty elements on which he has no control, of which he has no knowledge, and for which he can make no allowance or preparation.

We object to this new un-American scheme as a substitute for the honest, actual, fair price that the importer pays in competition in the open markets of the world for his merchandise, which price is not at all within his control.

The Senate Discusses the Tariff Bill

SENATOR PORTER J. McCUMBER,
NORTH DAKOTA
Chairman, Senate Finance Committee

Pro

The real issue in this tariff bill, and the only legitimate issue, is whether the American market belongs to the American producer or whether it belongs to the foreign producer—whether it shall be turned over to the foreigner, who can produce at a lower cost, or be retained by the American, who must produce at a higher cost—whether we shall continue to pay our laborers a wage very much higher than the average foreign wage or force them into competition with the extremely low-paid labor of the Old World.

This Congress comes from the people pledged to the principle of protection to American manufacturers, to American farmers, and to American laborers. Never before in any tariff bill has the interest of agriculture received such favorable consideration as in the construction of this proposed measure. We have guarded the interest of the farmer as much as it is possible for a tariff bill to yield him protection. He has been underpaid for his labor for many, many years. Agricultural depression has made itself felt throughout the country and has been a big factor in the closing of our manufacturing establishments.

With the rapid changes going on in the world in the cost of production, in the fluctuation of exchange, in the increase of labor's cost in some cases and decrease in others, any rate which we may now establish as being the proper rate may be found to work an injustice either as against the American manufacturer or the American importer. We have attempted to meet this by a provision permitting the Executive, on a finding of fact that the rates are so high that they amount to an embargo or are unjust or too obstructive to fair competition and fair commerce or so low that our industries are being destroyed, to lower or advance the rates within fixed limits to meet those situations. Through the President, we will be able to rectify any injustice that may become pronounced by reason of future fluctuations in market prices.

We have tried to help bridge this gulf between the production cost of manufactured articles and the consumer's ability to buy them by doing what we can to increase the purchasing power of the latter, and it is now up to the manufacturer to do his part to bring his cost down to meet the size of the consumer's pocketbook.

Let the manufacturer be satisfied with a most meager return upon his investment for a while, then let the employees increase their efficiency to the highest possible degree. It is a healthful sign that this efficiency is being increased, but it is true that it has not yet reached its pre-war standard. Then if the retailer will just follow the manufacturer, the great American public, now hungry for more and better things, will give employment to all to supply its demands and old-time prosperity will again reign throughout the land.

SENATOR F. M. SIMMONS, NORTH CAROLINA
Ranking Democrat, Senate Finance Committee

Con

A careful study of this bill in connection with existing conditions here and abroad makes it perfectly clear that it was framed with a view to maintaining present prices and to enable the industries which it protects to further advance these excessively high prices without incurring the risk of foreign competition. It will inevitably lead to higher prices, higher cost of living and the further monopolization of American industries.

In many instances, these rates are absolutely prohibitive. Especially is this true with reference to the highly specialized products and these constitute the bulk of our dutiable imports. It is not difficult to see that the American producers of dutiable commodities protected against foreign competition need only (by recourse to certain well known devices and expedients) bring about concert of action with respect to production and selling price to enable them to fix and maintain prices as high as the traffic will bear.

Manifestly the farmer, the manufacturer, and the mine operator can give employment to labor only to the extent to which they can find a market for their products and unmarketed and undisposed of surplus means unemployment and curtailment of production.

The duties imposed upon agricultural products will be mostly inoperative or ineffective either because of (1) practically no importations or (2) such meager importations as could not possibly affect the domestic price, or (3) where, on account of our large exportable surplus, the domestic price of the particular article is based upon and fixed by the world selling price.

The effective duties upon certain agricultural products such as wool and sugar will undoubtedly tend to advance the price of such commodities in the domestic market, just as the effective duties upon manufactured products will undoubtedly tend to advance the domestic price of these products. But the aggregate benefits to the farmer through increases in prices will be small, indeed almost inconsequential as compared with the additional burdens he will have to bear by reason of the increases in the prices made possible by these higher duties, of the things he must buy and consume in the operation of his business and in supplying his domestic demands.

The adoption of this bill with its prohibitive rates based on an uncertain and dangerous principle of measuring differences in competitive conditions here and abroad will mean, in addition to higher prices, higher cost of living and the further monopolization of American industries, also radical reductions in production, unemployment of labor and the general demoralization and undermining of our past and present economic standards and conditions.

The Press Discusses the Tariff Bill

CAPPER'S WEEKLY

(Republican)

Pro

The opposition to a protective tariff seems to come largely from international banking and importing interest, whose profits depend upon how cheaply they can bring into our markets the food and manufactured articles they buy abroad, where production and labor costs are low, and cheap paper money is the medium of exchange. The Senate Finance Committee has made an exhaustive study of the economic needs of the country. The farmers know this as well as the manufacturers, and now they want action.

Taking the minimum estimate, it is safe to assume that for every day this bill is unnecessarily delayed by those who desire to block tariff legislation it will cost the country $3,000,000.

Chairman McCumber has rightly termed this a 'consumers' tariff.' The majority of the consumers are farmers and laborers. They believe in the tariff and want a tariff, despite what the importers and internationalists say. Normal conditions cannot and will not return until the farmers are protected as well as the workers. The farm organizations have testified that the emergency tariff act restored the American market to the American farmer. We, as a nation, lost our prosperity when the farmer's market was destroyed. In the past the farmer never has had a square deal in tariff legislation. The emergency tariff bill and this tariff measure treat the farmer squarely and fairly.

All economists admit that we have the most costly and inefficient system of distribution in the world. The spread between the producer and the distribution of the farmer's products eat up more than the cost of production. What we must do is to work out a program which will minimize this spread between the production cost and the selling price to the consumer.

We want to reduce the cost to the consumer by bringing the farmer and producer closer to the consumer. The first step in this program is to restore prosperity to the farmer by restoring to him his chief market; a tariff that will enable the farmer to get on his feet.

One of the stock arguments of the internationalists opposing tariff legislation now is that if we give farmers the protection which they need, Europe cannot pay the $10,000,000,000 of Government debts, and the $800,000,000 owed privately. I wish to say frankly in reply that if the price we have to pay for our foreign debts is the destruction of American agriculture and industry then it would be better if these debts were never paid. Why should we ruin our great businesses, the very foundation of our wealth, to make it easier for our debtors to pay when our debtors on their part are not leaving a stone unturned in protecting their own interests. —*Senator Capper (Kansas), Chairman, Agriculture Bloc. (Excerpts.)*

NEW YORK WORLD

(Democratic)

Con

All orthodox Republican tariffs are profiteers' tariffs, and the Administration's bill as rewritten by the Senate Finance Committee follows the line of precedents, with peculiar infamies of its own.

The United States is now a creditor Nation which must buy heavily from its debtors if it ever expects them to pay what they owe; but the Republicans in Congress are attempting to repeal all economic law for the profit of the industries that have been financing the party organization.

The long period of depression through which the American people have been passing was not due to the lack of tariffs but to the lack of markets. More than 4,000,000 men were not thrown out of work because the United States was flooded with foreign goods but because Europe could not buy the American goods that it needed. Western farmers have been compelled to burn corn for fuel while Europeans were dying from starvation. The agricultural revival did not begin until ways were found to re-establish a European market for American foodstuffs, and now neither the House nor the Senate Republicans can think of anything better to do than to throw a monkey wrench into this complicated machinery of economic adjustment.

There is nothing the United States needs less at this time than a new tariff, and a comparison of the House and Senate bills is merely a comparison of evils. In both cases it is legislation for the profiteer, for the speculator and the price-fixer. In either case the American consumer is again to be penalized and new economic disabilities are to be imposed upon all the nations that are trying to lift their heads above the debris of the war. It might be very difficult to say what constituted an American tariff or an un-American tariff, but it is comparatively easy to say what constitutes a wise tariff or a crazy, extremist tariff, and the Senate measure belongs to the latter class. When the most obvious economic need of the country is for foreign markets and an expanded foreign trade, a Congress that tries to build the highest tariff wall ever known is ignorant of the first principles of its legislative trade.

This is not a partisan issue in the sense in which the tariff is commonly described. While the historical tendency of the Democratic Party has been toward low tariffs and that of the Republican Party toward high tariffs, each has tried to keep in touch with a general state of facts. Even at their worst the Republicans have never before tried to enact a tariff so extortionate that their own newspapers and economists repudiated it in advance of its adoption. Nor have they ever before tried to set aside the deliberate judgment of their own ablest business advisers.

This is not a partisan tariff but a lunatic tariff, put together by men who have little understanding of their job or of the world in which they live.—*Editorial (Excerpts).*

Attitude of American Business Toward American Valuation Plan

Excerpts From Articles Published in The Christian Science Monitor

SUMMARY

A survey of the attitude of that portion of the American business public which is directly interested in American valuation shows that about 70 per cent of the manufacturers favor it, whereas practically all importers and dealers in imported products oppose it. With the opponents are those American banking interests which have foreign affiliations.

Those manufacturers who want no change in many instances are men whose factories make use of foreign products of one kind or another in the manufacture of the finished product they turn out.

Briefly, the manufacturers favor the plan because it makes possible a greater amount of protection than they could receive otherwise. The importers oppose it because the higher the duties the fewer the imports. The foreign investment interests oppose it on the ground that its provisions, in their opinion, will curtail the selling ability of the leading foreign countries and, therefore, will retard their progress toward that prosperity which the international bankers insist is essential to permanent stability in world commerce.

REASONS

Pro

MANUFACTURERS

1. The fact that American valuation is new is no reason for refusing to consider it, provided it is all right in other respects.

2. There is no more difficulty in finding out the American price than the foreign price, as most imports are staples and there is as much a principal market in America as in Great Britain.

3. The matter of purchasing for future importation would be no more uncertain under American valuation than under foreign valuation. Fluctuation in the value of imports between the date of purchase and the date of exportation would occur as much under one system as under the other.

4. Placing a duty on the American value of an imported article is not really placing a duty upon a duty. The duty is not added to the American selling price, but is added to the foreign cost, hence there is no pyramiding of duties.

5. The domestic manufacturer would gain nothing by raising prices because, although the amount of duty to be imposed would thereby be increased, the importer, with a fixed basis of foreign cost, would be able to undersell the domestic article.

6. Undervaluation is the general rule, since it is always in the interest of the importer to undervalue.

7. Depreciation in exchange has been slightly offset by the rise in prices. The consequence is that American money will purchase many foreign products at absurdly low prices.

8. Under the present system the low cost countries pay the lowest duties, whereas under the American valuation plan, all importing countries will pay the same duties.

* * *

To open our markets freely to the foreign producer for the purpose of enabling the foreign countries to repay our loans would defeat its own object. To accomplish this purpose we would have to absorb so much foreign production that our own markets would become absolutely stagnant from lack of domestic industry long before the required amount of foreign productions could be absorbed.

Con

IMPORTERS

1. American valuation is untried and will at least cause confusion.

2. The American price is difficult to ascertain, because prices vary in different localities and because many imported products have no equivalent in America and hence have no definite American price.

3. In purchasing goods for future importation, a dealer could not foretell their cost when landed in America.

4. The plan really places a duty upon a duty and results in the pyramiding of duties.

5. It gives the domestic manufacturers the power to increase arbitrarily the amount of protection by combining and raising the domestic prices.

6. There is no necessity to establish American valuation to prevent undervaluation since under the present system there is practically no undervaluation.

7. The depreciation in exchange has been substantially offset by the increased cost of goods, therefore no difficulty has been created by depreciation.

8. The fact that American valuation will make all imports, irrespective of the country or origin, pay the same duty, does not deprive the low-cost country of its advantages.

* * *

The foreign investment interests are against the American valuation plan because they are convinced it will impose an undue amount of protection on American goods. The effect of this, according to this class of bankers, will be that imported goods will cost so much in this country that nobody will be able to buy them and that, therefore, European countries, unable to sell us any of their goods, will have no means of paying off their loans.

Another danger seen by the bankers is the possibility of stirring up retaliation on the part of foreign manufacturers, which would lead to a tariff war that would close American export markets entirely.

The Lobby Discusses American Valuation

AMERICAN VALUATION ASSOCIATION

Pro

Our present tariff and present foreign exchange conditions encourage importations and discourage American industry.

About 90 per cent of what we produce here is sold here because there is no other market where we can sell at a price sufficient to maintain the standard of living established in this country for the wage-earner.

Under the American Valuation Plan, merchandise imported from countries whose production costs are low, is subjected to the same ad valorem duties as similar merchandise from other countries having higher production costs. This is as it should be. There is no sound reason for imposing less duty on goods from China, for example, than similar goods from France. The labor costs in China are much less than they are in France and Chinese goods selling in this country in competition with French goods can be sold at a greater profit. The greater the profit, the greater the ability to pay the tariff or duty. The American Valuation Plan, therefore, avoids discrimination against those countries whose production costs are more comparable to the production costs of this country and thereby tends to encourage the establishment of better living conditions abroad. The present law, basing the duty upon foreign value, on the other hand, discriminates in favor of countries with low labor costs and tends to discourage the establishment or maintenance of better living conditions.

Unless we have a duty or tariff that fairly represents the difference between the labor costs here and abroad, we lose the only market in the world where our products can be sold at a price sufficient to maintain our standards of living.

Equalizing the duty between the different foreign countries, as is done under the American Valuation Plan, necessarily increases the amount of duty paid into the United States Treasury by those countries whose production costs are lower than those of other countries competing for American trade. While our revenues are thus increased and discrimination avoided the burden on the consumer in this country is not thereby increased. The price to the consumer is fixed by the country having the highest production costs if its goods are sold here at all. Therefore, requiring the countries having lower production costs to pay the same duty would reduce the profits of those countries but would not raise the price to the consumer here. American valuation, therefore, is a means of securing additional revenue from those countries best able to pay, without imposing a corresponding burden upon the consuming public in America.

THE CONSUMERS' COMMITTEE OF WOMEN

Opposed to American Valuation.

Con

The American Valuation Plan will be vitally injurious to our national welfare and inimical to the interests of the great majority of the American people. The avowed purpose of the plan is to protect American Industry. Its actual accomplishment will be to intensify and prolong the existing depression, to disrupt our domestic and cripple our foreign trade, to limit American manufacture to the needs of the American market alone, and to destroy the great and important export market on which the prosperity of American agriculture and mining depends. By curtailing production and legalizing monopoly, American valuation will increase prices to the consumer on every article of common use and purchase. The employment of labor, the profits of agriculture, and the purchasing power of both these great classes, will fall to a still lower level. These must be the inevitable results of any measures which unduly restrict importation, and therefore contract exportation as well.

American valuation will increase the cost of living because the consumer depends for a square deal upon the products and competition of the international market.

American valuation will destroy the export market on which the prosperity of American agriculture depends, and will increase the price of farm products to the American consumer.

American valuation will destroy our foreign trade and will therefore keep American men and women out of employment, disrupt American commerce, limit American manufacture, intensify and prolong the existing depression.

American valuation will decrease America's needed revenue and make tax revision impossible.

America's international relationships will be endangered by an economic measure which will force foreign countries to enact retaliatory measures.

OTTO H. KAHN,

New York Banker.

It seems to me manifest, first, that it is of vital importance to facilitate in every practicable and consistent way the resumption of business intercourse between the nations. Secondly, that the world cannot buy from us if we shut it out from selling to us. Third, that the proposed American Valuation Plan would add greatly to the complexities and uncertainties of international commerce, which is quite difficult and hazardous enough as it is, under unavoidable existing conditions.

The Lobby Discusses American Valuation

MILO D. CAMPBELL, President
National Milk Producers' Federation.

Pro

No man can be for a protective tariff and for foreign valuation as a basis for tariff duties at the same time. They won't mix. We cannot open our gates to the pauper labor of the world, whether that labor comes to us walking, or in boxes and crates.

The truth is that the Government is unable to verify the correct valuation of goods at points of shipment all over the world. Fraud has been the rule and not the exception in our foreign ad valorem imports. Not that our officials have been dishonest or careless, but it has been physically impossible to discover and punish, or to correct the swindling practices indulged in by the importers and their confederates. Profits to importers have been so enormous that recent exposures seem almost staggering and unbelievable.

Knives from Germany, costing nine and six-tenths cents each from the manufacturer, are being retailed in this country at five dollars each. Perfumery from France at a profit of 102%, silks from Japan at 59%, Swiss dress fabrics at 107%, needles and pins from England at 125%, chinaware from abroad at 198% to 324%.

The American consumer gets little or no benefit from the low priced goods imported. They are sold over the counter for just enough under American-made goods to secure a sale.

It seems to me that the greatest thing that could follow up the Capper-Volstead bill for co-operative marketing by farmers, would be the immediate passage by Congress of the Fordney tariff bill. I believe it would be a fit companion measure in helping the farmer get back on his feet. The present tariff controversy is one that more deeply concerns farmers than any other class of our citizens, unless it may be the 11,000,000 workers in our factories.

Many millions of factory employees are idle, and this foreign valuation plan, if continued, can only be interpreted as idleness for more of them. Today they are filling their stomachs with roughage. They are wearing their old clothes, and waiting for the fires to be built at the factory. The big thing that should interest the farmers right now is a market where buyers have enough money to pay him a fair price for his products and that market is right here at home. Unless the farmers have a tariff bill based upon an American valuation plan, there will be no work for the factories and no market for the farmer.

U. S. CHAMBER OF COMMERCE
Committee on Tariff Principles.

Con

Instead of simplifying customs administration and rendering it less expensive, a change to 'American valuation' would, in the opinion of this committee, complicate it and increase the expense. If the customs service is to investigate the principal markets of the United States thoroughly, in the fashion contemplated by the proposed law, in order to arrive at and proclaim an 'American valuation' for each line of merchandise subject to ad valorem duties, it seems clear that the work of investigation will be greatly increased and the staff and expense will be increased accordingly. Moreover, the change from an old and familiar system to a new and uncertain system will unquestionably lead to a great increase in customs disputes, and customs administration will become correspondingly more burdened.

The committee admits that 'American valuation' will tend to fix prices, whether fair or unfair. The question remains whether either in principle or practice the people desire the government to create and operate price-fixing machinery. The announcement by the government of a given price as fair market value in the United States would be accepted at its face value by consumers and producers alike. Allowance for variation in different localities and for other circumstances would not be made. In the event of a relatively high American valuation being set, prices which up to that time had been on a lower level would be encouraged to rise to the official figure and to remain at the official figure in the absence of still further change in the official government quotations. This feature of the proposal is objectionable in whatever aspect it is viewed.

From every angle it would appear that 'American valuation' would inevitably mean higher prices, and the committee submits that, at a time when every effort is being made to stabilize prices upon lower levels, it is unwise and will be rather unpopular to introduce a new scheme of tariff administration calculated to increase the cost of living.

Your committee, after going into the question of the dutiable values, on which ad valorem rates should be levied, is convinced that the present system of fair market values abroad is more suitable to the needs of American business than the proposed system of 'American valuation.' We consider 'American valuation' as impracticable and believe that it would interfere with business, complicate and render more expensive the customs administration, and tend to increase prices. We believe that the benefits that would accrue from 'American valuation' are of slight and uncertain worth, and are heavily outweighed by the disadvantages.

History Discusses American Valuation

FEBRUARY, 1833

As recorded in "Debates in Congress" which corresponds to "The Congressional Record" of today

SENATOR HENRY CLAY, KENTUCKY

Republican

FEBRUARY 21, 1833

The object was, that after the period prescribed by the bill, all duties should thereafter be assessed on a valuation made at the port in which the goods are first imported, and under "such regulations as may be prescribed by law." Mr. Clay said it would be seen by the amendment, that in place of having a foreign valuation, it was intended to have a home one. It was believed by the friends of the protective system, that such a regulation was necessary. It was believed by many of the friends of the system, that after the period of nine and a half years, the most of our manufacturers will be sufficiently grown to be able to support themselves under a duty of twenty per cent, if properly laid; but that under a system of foreign valuation, such would not be the case.

He thought he could satisfy every Senator, that there was no objection from the constitution.

He asked if it was probable that a valuation in Liverpool could escape a constitutional objection, if a home valuation were unconstitutional. There was a distinction in the foreign value, and in the thing valued. An invoice might be made of articles at one price in one port of England, and in another port at another price. The price, too, must vary with the time. But all this could not affect the rule. There was a distinction which gentlemen did not observe, between the value and the rule of valuation, one of these might vary, while the other continued always the same. The rule was uniform with regard to direct taxation; yet the value of houses and lands of the same quality is very different in diierent places. One mode of home valuation was, to give the Government, or its officers, the right to make the valuation after the one which the importer had given. It would prevent fraud, and the rule would not violate the constitution. It was an error that it was unconstitutional; the constitution said nothing about it. It was absurd that all values must be established in foreign countries; no other country on earth should assume the right of judging. Objections had been made to leaving the business of valuation in the hands of a few executive officers; but the objections were at least equally great to leaving it in the hands of foreigners. He thought there was nothing in the constitutional objection, and hoped the measure would not be embarrassed by such objections.

I am willing to trust the whole subject of reducing to a standard of values to a future Congress; but I shall not vote for the bill without the principle of a home valuation; it is most important to this country; and I consider it important, not only on my own judgment, but the judgment of others on whom I can depend; it is all important to introduce the principle into the legislation of this country.

SENATOR JOHN C. CALHOUN, SOUTH CAROLINA

Democrat

FEBRUARY 21, 1833

The measure proposed was, in his opinion, unconstitutional. The constitution expressly provided that no preference should be given, by any regulation of commerce, to the ports of one State over those of another; and this would be the effect of adopting the amendment. Thus, great injustice and inequality must necessarily result from it; for, the price of goods being cheaper in the northern than in the southern cities, a home valuation would give to the former a preference in the payment of duties."

Passing over what seemed to him to be a constitutional objection, he would direct his observation to what appeared to him to be its unequal operation. If by the home valuation is meant the foreign price, with the addition of freight, insurance, and other expenses at the port of destination, it is manifest that as these are unequal between the several ports in the Union—for instance, between the ports of New York and New Orleans—the duty must also be unequal in the same degree, if laid on value thus estimated. But if, by the home valuation is meant the prices current at the place of importation, then, in addition to the inequality already stated, there would have to be added the additional inequality resulting from the different rates of profits, and other circumstances, which must necessarily render prices very unequal in the several ports of this widely extended country. There would, in the same view, be another and a stronger objection, which he alluded to in his former remarks, which remained unanswered—that the duties themselves constitute a part of the elements of the current prices of the imported articles; and that, to impose a duty on a valuation ascertained by the current prices, would be to impose, in reality, a duty upon a duty, and must necessarily produce that increased progression in duties, which he had already attempted to illustrate.

In voting for the amendment, he wished it to be distinctly understood, he did it upon two conditions: first, that no valuation would be adopted that should come in conflict with the provision in the constitution which declares that duties, excises, and imports shall be uniform; and, in the next place, that none would be adopted which would make the duties themselves a part of the element of a home valuation.

The first could scarcely be contemplated as it would be in violation of the Constitution itself, nor the latter, as it would, by necessary consequence, restore the very duties which it was the object of this bill to reduce, and would involve the glaring absurdity of imposing duties upon duties, taxes on taxes.

[Clay's amendment fixing the principles of home valuation as a part of the bill was adopted by a vote of 26 to 16.]

A Review of the "Revenue Act of 1921"

By Senator Charles Curtis *(Kansas)*

Passed the House August 20, 1921, Passed the Senate November 7, 1921, Approved by the President November 23, 1921

The Revenue Act of 1921 is designed to cover not only all the ordinary expenditures of the government but to provide in addition $272,000,000 to be used through the sinking fund for the reduction of the public debt.

Expenditures in the fiscal year ended June 30, 1920, including sinking fund and fixed debt charges, amounted to almost $6,300,000,000, while for the fiscal year ended June 30, 1921, ordinary expenditures, including sinking fund and miscellaneous fixed debt charges, still ran about $5,000,000,000. It is now believed that the expenditures for the fiscal year 1922 will be reduced to about $4,000,000,000, a reduction of about $1,500,000,000 below the year 1921. In some measure this reduction reflects the liquidation of war liabilities, but to an important extent it represents a reduction in the cost of government. From either aspect it means a reduction in the tax burden.

As compared with the Revenue Act of 1918, the Revenue Act of 1921 reduces the income taxes of individuals based upon their 1921 incomes, $70,000,000.

As compared with the Revenue Act of 1918 the new Act reduces the taxes accrued and payable on the business of the calendar year 1922 (the first full year the law is in operation), $835,200,000.

Income Tax

The Revenue Act of 1921 permits an additional exemption of $500 by increasing the exemption from $2,000 to $2,500 in the case of heads of families and married persons, if their net income is not in excess of $5,000. This additional exemption reduces the revenues $40,000 a year.

The new Act also increases the exemption for dependents from $200 to $400. This increase in the exemption reduces the revenues $30,000,000 a year.

The new law reduces the surtaxes to a maximum of 50 per cent, and at the same time readjusts the lower brackets, effective January 1, 1922. It is estimated that the adjustment in surtax rates will reduce the annual revenues $60,000,000 as compared with the surtax receipts under the Revenue Act of 1918.

The new Act limits the maximum tax upon the gains of individuals from the sale of capital assets to 12½ per cent. This provision becomes effective January 1, 1922. The capital gain provision is estimated to reduce the revenues $20,000,000 a year as compared with the collections under the Revenue Act of 1918.

Excess Profits Tax

The excess profits tax is repealed to take effect January 1, 1922, and a flat tax of 12½ per cent is imposed upon the net income of corporations. The new Act also repeals the $2,000 exemption in the case of corporations having incomes of over $25,000. The repeal of the excess profits tax is estimated to reduce the annual revenues $400,000,000 and the 2½ per cent increase in income tax plus the elimination of the exemption is estimated to increase the revenues from the corporation income tax $140,000,000, thus the taxes upon corporations will be reduced $260,000,000.

Transportation Taxes

The new law repeals the transportation taxes, upon freight, express, passengers, Pullman fares, and oil by pipe line, effective January 1, 1922. The repeal of these taxes will reduce the annual revenues $270,000,000.

Insurance

The new law has for the first time placed the taxation of insurance companies upon a sure foundation. Life insurance companies will pay the regular income taxes upon their investment income from interest, dividends, and rents. Mutual insurance companies other than life will pay the regular income taxes upon their incomes computed in the same manner as under the Revenue Act of 1918. Insurance companies other than life or mutual insurance companies will pay the regular income taxes upon their investment and underwriting income computed upon the basis of the underwriting and investment exhibit of their annual statement made in accordance with the statement approved by the National Convention of Insurance Commissioners. This basis of taxation is substituted for the policy, stamp tax, excess profits tax and income taxes imposed upon insurance companies by the Revenue Act of 1918. The repeal of the policy insurance taxes will reduce the annual revenues from this source $20,000,000. It is believed, however, that the income taxes to be paid by insurance companies under the new Act will about equal the aggregate federal taxes paid by such companies under the Revenue Act of 1918.

Non-alcoholic Beverage Taxes

The taxes upon soft drinks have been reduced and the basis changed from an *ad valorem* rate to a specific rate per gallon. The tax upon sales of soft drinks and similar articles of food is repealed. These changes will reduce the annual revenues $26,000,000.

Admission Taxes

The admission tax upon admissions of 10 cents or less and upon free admissions is repealed, reducing the annual revenues $20,000,000.

Musical Instruments

The new law repeals the tax upon musical instruments, reducing the annual revenues $12,000,000.

Sporting Goods

The tax upon sporting goods is repealed, reducing the annual revenues $4,000,000.

Chewing Gum

The tax upon chewing gum is repealed, reducing the annual revenues $1,000,000.

Leased Motion-Picture Films

The new law repeals the tax upon the leasing or licensing of motion-picture films ready for projection, reducing the annual revenues $6,000,000.

Candy

The tax upon candy is reduced from 5 to 3 per cent, reducing the annual revenues $8,000,000.

Electric Fans

The new law repeals the tax upon electric fans, reducing the annual revenues $300,000.

Thermos Bottles

The tax upon thermos bottles is repealed, reducing the annual revenues $200,000.

Fur Articles

The tax upon articles of which fur is the component material of chief value is repealed, reducing the annual revenues $9,000,000.

Toilet Soap

The Revenue Act of 1921 repeals the taxes upon toilet soap and soap powders, reducing the annual revenues $2,000,000.

Art Works, Etc.

The tax upon sculpture, paintings, statuary, art porcelains, and bronzes is reduced from 10 to 5 per cent. Sales by a dealer in such articles to another dealer in such articles for resale are also exempted from tax. It is estimated that the change in this provision will reduce the annual revenues $700,000.

Luxury Taxes

The so-called section 904 luxury taxes upon articles selling at over a fixed price are repealed, reducing the annual revenue $18,000,000.

Perfumery, Cosmetics and Medicines

The stamp taxes upon perfumery, cosmetics, and medicines are repealed, reducing the annual revenues $6,000,000.

Parcel Post Packages

The stamp taxes upon parcel post packages are repealed, reducing the annual revenues $20,000,000.

Surety Bonds

The stamp taxes upon surety bonds are repealed, reducing the annual revenues $2,000,000.

A DIGEST OF THE CONGRESSIONAL RECORD

(Official Publication of the United States Congress)

Debate and Action in the Senate and House during April

Senate

APRIL 1, 1922

Not in session.

APRIL 3, 1922

Considered (H. R. 9103) a bill for the appointment of additional district judges for certain courts of the United States, to provide for annual conferences of certain judges of the United States Courts, and to authorize the designation, assignment, and appointment of judges outside their districts.

Passed the Owen bill (S. 534) for the release of Federal prisoners on parole after they have served one-third their term and otherwise ameliorating the terms of imprisonment even to the extent of making those sentenced for life eligible for parole after serving fifteen years.

APRIL 4, 1922

Discussed the Coal Miners' strike.

The removal of engraving and printing bureau executives was debated. A Democratic effort to obtain action on a resolution of inquiry failed.

APRIL 5, 1922

Discussed the bill (H. R. 9103) providing for additional District Federal judges.

Passed a bill (H. J. Res. 249) transferring certain buildings in Alaska to the Methodist Church for hospital purposes.

Adopted the resolution of Senator Walsh (Democrat) of Massachusetts asking the War and Navy Departments to report on the desirability of establishing aeronautical branches at Annapolis and West Point.

APRIL 6, 1922

Resumed consideration of the bill (H. R. 9103) for the appointment of additional district judges for certain courts of the United States.

During debate on the judges bill Senator Norris (Republican) of Nebraska, advocated abolition of all Federal courts except the Supreme Court, those abolished being transformed into State Courts.

Senator Overman (Democrat) of North Carolina characterized the additional judges bill as "pork barrel" legislation pure and simple.

APRIL 7, 1922

Passed bill (H. R. 9103) providing for 23 additional Federal district judges by a vote of 44 to 21. The committee reported in favor of nineteen, but amendments were agreed to providing an extra judge each for the districts of New Jersey, Florida, New Mexico and Missouri. An amendment requiring all Federal judges to devote their entire time to their duties and prohibiting them from engaging "in any other employment" for compensation was adopted.

Adopted the conference report on the navy radio bill (H. J. Res. 7) extending until June 30, 1925, the time in which government owned radio would be permitted to handle press and commercial messages in the Pacific. The bill now goes to the President.

House

APRIL 1, 1922

Not in Session.

APRIL 3, 1922

After a spirited debate the House refused to approve the conference report on the Independent Offices Appropriation Bill (H. R. 9981), under which the Shipping Board would be authorized to pay four officials a salary of $35,000 a year.

APRIL 4, 1922

Discussed campaign expenditures of Anti-Saloon League.

Authorized Chairman Nolan of the labor committee to telegraph invitations to a number of representatives of operators and officers of operators' association in the central competitive coal field to attend a meeting with the miners' union leaders in Washington April 10th and attempt to reach an agreement.

APRIL 5, 1922

Passed bill (H. R. 11118) to provide for the deportation of certain undesirable aliens.

APRIL 6, 1922

Agreed to the conference report on the navy radio bill, (H. J. Res. 7) extending until 1925 the time in which government lines would be permitted to handle press and commercial messages.

APRIL 7, 1922

Discussing the coal strike, Rep. Ricketts (Republican) of Ohio charged that operators had restricted production by gentlemen's agreements and that false propaganda was being circulated designed to show that high prices are due to miners' high wages and their demands.

APRIL 8, 1922

By a vote of 28 to 27 in the committee of the whole the House adopted an amendment to the Justice-State Department appropriation bill providing that no part of the appropriations carried shall be used for prosecution of any organization, person, etc., for entering into combinations or agreements having in view the increase of wages, shortening of hours or bettering conditions of labor, or for prosecuting farm producers or farm associations, etc., for organizing in an effort to "obtain and maintain a fair and reasonable price" for their products.

APRIL 10, 1922

Voted to refuse the use of Federal funds for prosecution of labor unions or farmers' cooperative organizations under antitrust laws and then passed and sent to the Senate the regular State and Justice departments supply bill, carrying about $26,000,000.

Began consideration of the 1923 Naval Appropriation Bill H. R. 11223) which carried an appropriation of $233,274,000 and provided for 65,000 enlisted men, plus 2,000 enlisted seamen.

The debate which continued for nine successive days is summarized in the following pro and con digest (*page 19*).

HOUSE

Debate on Navy Bill Providing for a Reduction in the Navy to 67,000 Enlisted Men. The Con Debate Was Against 67,000 and in Favor of a Larger Navy, 86,000 or More

Pro

REPRESENTATIVE KELLEY OF MICHIGAN
Chairman, Naval Sub-Committee

The Committee Bill provides for the Treaty Navy, the 18 battleship fleet agreed upon by the Conference, with all the accompanying ships the Navy Department wishes to keep in commission, and the same number of men as was on those ships on February 1 of this year, 50,000.

Seven per cent of the personnel has heretofore been added for substitutes in case of sickness, etc. We added eight per cent. The Navy demands fifteen per cent which would increase the men now on shore by 7,000. We allowed 2,000 men for training, and, though suspension of work under the treaty means the number of shore posts is bound to be greatly decreased, we decreased the number of men by only 2,500. This brings the total men provided for in the bill to 67,000. Why provide more? Where are they needed? Are the American people in such fine financial condition that we can pile up men on ships?

This bill gives the 5-5 ratio with Great Britain. The personnel of Great Britain's establishment for the coming year consists of 98,500, including officers, marines, enlisted men, coast guard, warrant officers, and students in her naval academies. Sixty-seven thousand men plus 19,500 marines, plus 1,000 marine officers, plus 6,155 officers of the line and staff, plus 1,500 warrant officers, plus 2,500 boys in the Naval Academy, gives a total of 97,656 in the American Navy. No one has accurate figures for the Japanese navy but we do know how many ships Japan is allowed under the Treaty and that 20,000 men is an average complement.

Mr. Kelley pointed out the great opposition of coast cities from Maine to Oregon to the committee's reduction in the navy appropriation, and concluded: "Was the Conference then not intended to lift the burdens of armament from the backs of humanity but to keep all our navy yards going on the Atlantic, resurrect defunct navy yards on the Gulf, and build new navy yards on the Pacific?

REPRESENTATIVE BYRNES OF SOUTH CAROLINA

Great Britain is maintaining 15 capital ships, 40 submarines in full commission compared to our 84, and approximately 60 destroyers compared to our 103. As to personnel the British Admiralty have stated the 'improved international situation makes it possible to reduce the complements of the ships of the Atlantic fleet. The average reduction will be 15.7 per cent for capital ships. All of which goes to show that the English have taken seriously the armament conference and the four-power pact.

This Committee has been told that it should follow the experts of the Navy. No two Navy men agree as to how many men it takes to man a ship. The General Board wants 120,000 enlisted men, the Secretary of the Navy 96,000, the President urges 86.000. Whom are we to follow?

REPRESENTATIVE MONDELL OF WYOMING
Republican Floor Leader

I challenge anyone to find in history a time or place when a professional fighting establishment ever voluntarily reduced its costs or forces by a single man or a single dollar. If it were true—which, in my opinion, it is not—that Great Britain was, with her wide-flung empire, maintaining under arms a few more men than we, must our sole effort be to hunt out and count the last man she has in order that we may match him with another? If that is the theory on which we are to carry out the treaty, then it were just as well that the treaty had never been negotiated. It is stated that this bill if adopted would leave us a 2½ navy instead of the 5-5-3. If this is true then instead of adding a few thousand our 67,000 ought to be doubled.

REPRESENTATIVE MADDEN OF ILLINOIS
Chairman of Appropriations Committee

The total cost of the Army and Navy for the current fiscal year is $800,000,000. The total cost of the Army and Navy for the year 1923, if the House and Senate will concur in the recommendations made by the Committee on Appropriations, will be $500,000,000. If the amendment is adopted it will add $60,000,000 to the recommendations of the committee. We supposed, when the Conference for the Limitation of Armaments was called that that would mean economy. But does it? Not if this program goes through. The budget today is $252,000,000 more than the revenue. Do you wish to add another $60,000,000 unnecessarily?

Con

REPRESENTATIVE TINKHAM OF MASSACHUSETTS

The reason for the present naval bill, with its great reduction in appropriations, is due to the treaty providing for the limitation of naval armament, an experiment to reduce the contingency of wars, but with no promise of their abolition. The essence of this treaty was a provision which established the 5-5-3 ratio. The underlying principle on which the strength of our Navy must be determined is its strength in relation to Great Britain and Japan, and that strength is not only measured by ships but by men.

The committee bill ignores this basic policy and principle, and bears no reference to the other powers whose strength must determine America's proportion in the fixed ratio of 5-5-3. The average enlisted strength of the British Navy, according to the latest figures obtained by the Naval Intelligence Bureau of the Navy Department, is approximately 110,000 enlisted men. This is 43,000 more than the committee bill provides for the United States Navy. The figure of 68,252 men in the Japanese enlisted personnel is found in a report in the Navy Department and is official—this is over 1,000 men more than allowed our Navy under the committee bill.

The committee based its calculation for 67,000 upon the complements upon the ships of February 1, 1922. The Navy Department states that the fleet at that time had far below its complement.

When the treaty for the limitation of naval armament may cease, America's influence will approximate the strength of her fleet and no more. Present world uncertainty shows the need of national defense, to meet force with force if necessary.

REPRESENTATIVE PADGETT OF TENNESSEE

I believe that whatever Navy we are permitted to keep and maintain under the conference agrement, should be kept up to the highest pitch of naval efficiency. The bill as reported not only fails to maintain that standard but will bring the Navy of the United States from a position of five to a position not exceeding three in the Treaty ratio. The British Navy including marine personnel and air service, not including reserves, was for the fiscal year ending March 31, 1923, 117,758.

The men in the naval communication service, naval recruiting service and the Royal Indian Marines are not counted in the 117,758, nor is the reserve which on January 1, 1922, totalled 49,130. These reserves operate 37 ships. Add the 38,808 to your 117,758 and you have got 156,556 men in the British Navy available to operate their ships. And yet members come before this Congress and say that with 67,000 that may be provided by this bill and our 19,500 marines we have got as many as the British have.

The number of ships that will be laid up under the provisions of this bill is 535, representing a total original cost of $541,135,000. Is that economy?

Gentlemen, I appeal to your better judgment. Let us remember that it has taken generation after generation to build up this American Navy. Its morale, its traditions, its history—all of the esprit de corps and all of the honor and the glory and the grandeur and the achievements are proud possessions of the American people. Let us hesitate and not with one fell swoop wipe it out!

REPRESENTATIVE VARE OF MISSISSIPPI

We should maintain a naval fleet to protect our merchant marine as great as any fleet in the world. The United States exports about $8,000,000,000 worth of American products each year. We can carry a great bulk of this in our own ships if the merchant marine is encouraged by a navy for protection in the background.

This bill, with its skeleton force of men and its reduced appropriations for the conduct of the navy yards would destroy the efficiency of this great plant (the Philadelphia navy yard). The employees would be forced to other fields—and in time of stress we would find the yard lacking the economy and efficiency of operation it now enjoys.

REPRESENTATIVE BRITTEN OF ILLINOIS

This bill is the climax of all bills ever introduced in Congress for totally ignoring the expert advice of the department which it affects.

Senate

APRIL 8, 1922

Not in session.

APRIL 10, 1922

Debated in executive session the eligibility of Senator Smoot and Representative Burton to be members of the allied debt commission.

Adopted a resolution sponsored by Chairman McLean of the banking committee, directing that committee to investigate the administration of the Federal reserve system and the office of the comptroller of the currency. The action was taken with a view to meeting recent Democratic criticism of the Federal Reserve systems management.

Passed the Spencer bill (S. 150) providing the same longevity pay for reserve and national guard officers who served in the world war as that enjoyed by regular army officers.

APRIL 11, 1922

The allied debt-refunding commission was formally completed yesterday afternoon when the Senate, after several hours of legal discussion, confirmed by a vote of 47 to 25 the nominations of Senator Smoot, of Utah, and Representative Burton, of Ohio, to be members of that body.

APRIL 12, 1922

Discussed the Agricultural Department Appropriations Bill (H. R. 10730). Increased the appropriation to eradicate the barberry bush which propagates wheat rust.

APRIL 13, 1922

Senator Capper of Kansas, chairman of the farm "bloc" declared that the purposes of the farm bloc are economic, not political and that among its objectives at this session are legislation providing long-term credits to farmers, reduction of railroad rates, adequate protection for agricultural products and developments of the Muscle Shoals project as a fertilizer producer.

Passed the Agricultural Appropriation Bill (H. R. 10730) making appropriations for the Department of Agriculture and other purposes (the provisions for free seeds was eliminated).

APRIL 14, 1922

Passed a bill (H. R. 10429) authorizing the comptroller general to allow credits to and relieve certain disbursing officers of the War and Navy Departments in the settlement of certain accounts.

Passed House Bill (H. R. 10864) appropriating $17,000,000 for additional hospital facilities for ex-service men.

Passed bill (S. 2919) to extend the Ball rent commission (District of Columbia).

Passed a bill (S. J. Res. 190) appropriating $350 for bronze tablet in Memorial Continental Hall commemorating the use of that building for the arms conference session.

APRIL 15, 1922

Discussed Restriction of Immigration.

Passed House Resolution (H. J. Res. 268) extending to June 30, 1924, the provisions of the existing 3 per cent immigration restriction law.

An amendment was adopted under which steamship companies violating the Immigration law must return passage money to immigrant and pay fine of $200.

APRIL 17, 1922

Senator Edge, of New Jersey, urged the creation of a congressional committee to define the rights and limitations of trade organizations as distinguished from "illicit combinations of trade."

House

APRIL 11-12, 1922

Naval bill debate.

APRIL 13, 1922

Adjourned out of respect to the memory of Representative Samuel M. Brinson, of North Carolina, whose death was announced.

APRIL 14, 1922

Debate continued throughout the day on the Naval Appropriation bill (H. R. 11228). Miss Alice Robertson, only woman member of the House, declared she intended to support the Navy Department.

APRIL 15, 1922

By a vote of 177 to 130, adopted an amendment increasing the number of enlisted men from the 67,000 reported by the committee to 86,000 recommended by the President and Secretary Denby.

APRIL 17, 1922

Met at noon and adjourned at 2 p. m.

APRIL 18, 1922

Approved provisions of the Naval Bill that not to exceed 200 of the 541 members of the Naval Academy class to be graduated in June, shall be commissioned as ensigns.

Adopted an amendment increasing the appropriations for pay and subsistence by $4,138,066.

APRIL 19, 1922

Passed the Naval Appropriation Bill (H. R. 11228) amended to increase the enlisted personnel from 67,000 to 86,000.

APRIL 20, 1922

By a vote of 155 to 143, the House refused to accept the conference report on the Independent Officers Appropriation Bill (H. R. 9981), because of a provision permitting the Shipping Board to employ six officers at salaries of $25,000 each, two at $20,000 and two at $15,000 each.

APRIL 21, 1922

Following its approval by the Secretary of War and the director of the budget, the House immediately passed a bill (S. 3317) appropriating $1,000,000 for control of flood waters of the Mississippi.

Agreed to Senate amendments to a bill providing for monthly payment of pensions, and the measure now goes to the President.

APRIL 22, 1922

Not in session.

APRIL 24, 1922

Passed bill (S. 3170) giving the comptroller of the currency control over all banks hereafter organized in the District of Columbia and also over all branch banks of existing or new organizations.

Senate

APRIL 18, 1922

Debated St. Lawrence Great Lakes waterway project.

SENATOR TOWNSEND OF MICHIGAN

Pro

St. Lawrence River is a great natural outlet. Proposed waterway an improvement that spells economy. A natural demand which the country is bound to recognize. Going to succeed, the selfish opposition of any particular section to the contrary, notwithstanding.

SENATOR CALDER OF NEW YORK

Con

The proposed waterway is a "sectional dream." Would not benefit this country but would benefit Canada, both commercially and economically. Where we build with the Nation's funds there our flag should float as the symbol of our ownership and control.

Passed (S. 2885) a bill to authorize the acquisition of lands for military purposes.

Passed (H. R. 2158) a bill to provide for monthly instead of quarterly payment of pensions.

APRIL 19, 1922

Passed Departments of State and Justice annual appropriation bill (H. R. 10663) carrying a total of $28,700,000.

APRIL 20, 1922

Began debate on Tariff Bill (H. R. 7456) to provide revenue, to regulate commerce with foreign countries, to encourage the industry of the United States and for other purposes.

APRIL 21, 1922

Considered the Tariff Bill.

Immediately upon its receipt from the House the Senate gave its approval to the bill appropriating $1,000,000 for flood protection work along the Mississippi River and sent the bill to the President.

APRIL 22, 1922

The day was spent in consideration of unobjected bills on the calendar.

APRIL 24, 1922

Resumed consideration of the tariff bill with Senator Smoot (Rep.) of Utah and Senator McCumber (Rep.) of North Dakota defending the bill and Senator Jones (Dem.) of New Mexico and Senator King (Dem.) of Utah, opposing.

APRIL 25, 1922

Resumed consideration of the tariff bill.

Passed bill (S. 3505) providing for an additional grand jury in the District of Columbia when the exigencies of the public business require it.

APRIL 26, 1922

Resumed consideration of the tariff bill. Senator Simmons (Dem.) of North Carolina (ranking minority member of the finance committee) made his first extended speech in opposition of the bill.

Passed bill (S. 3316) to authorize State of Minnesota to construct a bridge across the Mississippi River.

APRIL 27, 1922

Recessed respect to the one hundredth anniversary of the birth of General Grant, after a few brief tributes to his memory.

House

APRIL 18, 1922

Rejected again the conference report on the Independent Offices Bill (H. R. 9981) because of "high salary" provision for officials of the Shipping Board.

Adopted a privileged report from the Committee on rules to call up for consideration (H. R. 10598) a bill to prevent the use of the United States mails and other agencies of interstate commerce for transporting and for promoting or procuring the sale of securities contrary to the laws of the states.

General debate on the bill followed.

In a brief speech on the bill, Representative Campbell of Kansas explained the origin of the term "Blue Sky" Legislation as follows:

About twelve years ago the State of Kansas, finding a large number of enterprising gentlemen surveying the sky, and selling large areas of it to prospective buyers, decided to put a stop to that practice. Thereupon the legislation that prevented the sale of stocks in companies of that character that had blue sky to sell was enacted and called "blue sky" legislation. Up to this time, following the lead of the State of Kansas, 42 other States have adopted similar laws. Much improvement has been made in the character of the legislation of this character. It now becomes necessary for the States that have this legislation to be protected from States that are without it. There are still six States in which no laws have been enacted against companies organizing with hundreds of thousands and millions of dollars of capital, but with mere pennies of asset. This bill will prevent the use of the mails and other instrumentalities of interstate commerce in communicating information in respect to or in the carrying of the stock of these companies from one State to another.

APRIL 24, 1922

Devoted day to disposing of bills in the calendar.

APRIL 27, 1922

Not in session.

APRIL 28, 1922

Passed the Denison "blue sky" bill (H. R. 10598) designed to help the States enforce their own laws against sale of fraudulent securities.

APRIL 29, 1922

Not in session.

(*Senate Continued*)

APRIL 28, 1922

Discussed (S. Res. 282) calling upon the Secretary of the Interior for information with regard to the naval oil reserves. Senator LaFollette (Rep.) of Wisconsin spoke at length declaring that the oil reserves were being "scrapped" in behalf of specially favored private interests. Senator Poindexter (Rep.) of Washington also urged adoption of the oil leasing investigating resolution.

Resumed consideration of tariff bill.

Adopted the resolution (S. Res. 284) of Senator Harrison (Dem.) of Mississippi calling upon the tariff commission for information regarding operation of the emergency tariff act.

APRIL 29, 1922

Adopted the LaFollette resolution for an investigation by the public lands committee, of the lease of the naval oil reserves in California and Wyoming by the Interior and Navy Departments.

Senator Jones (Dem.) of New Mexico, occupied the remainder of the afternoon in a continuation of his speech attacking the pending tariff bill.

THE GLOSSARY

By HON. WM. TYLER PAGE

Clerk of the House of Representatives of the United States Congress

AN EXPLANATION OF FISCAL TERMS APPEARING IN THIS NUMBER

TARIFF—

A system of duties imposed by the government of a country upon goods imported or exported. In the United States there is no duty on exports. The word "tariff" is generally applied to the customs duties levied by Congress on merchandise coming from foreign countries. Tradition identifies the word with the town of Tarifa, Spain. Here during Moorish occupancy of the country about Gibraltar, all vessels were required to put in and pay such duties as were demanded by those in possession. Among the Greeks and Romans a duty similar to our present system was known, and in England, from the year 980 until 1846, duties were imposed on ships and goods. After 1846 England gradually abolished her tariff duties. In the United States the first Congress passed a tariff law since which time the subject has been more or less a political issue as between the various schools of thought known as protectionists, free traders, etc.

DUTY—

A specific sum of money or the rate per cent that is levied upon the goods passing through the custom house. Few countries levy export duties, therefore, generally speaking, the term customs duties means duties on imports. In the constitutional struggles of mediæval England duties were called customary taxes, so claimed by the sovereigns as of ancient usage and allowance. They were at first port fees for the use of the government quays, warehouses, weights and measures, etc., but early became a general source of revenue.

There are two kinds of duties, i. e., (1) Specific; (2) Ad Valorem. On many kinds of goods the two are confined in what are called compound duties.

SPECIFIC DUTY—

A specific duty is a fixed sum of money to be paid upon each yard, ton, hundred, pound, gallon, etc., without reference to its market value. In England at one time specific duties were called "tonnage." Specific duties are simple to calculate, easy to collect, and minimize the chance for fraud. Because they can be more suitably applied to raw materials and manufactures of a simple character, they are applied on cattle, iron and steel products, minerals, wood, lumber, grain and tobacco. A scale of rates is sometimes employed in tariff bills based upon value as, for instance, certain kinds of steel products, the specific duties on which may run from a fraction of a cent on goods valued at less than a pound on up to a number of cents per pound on goods valued at say from 32 to 40 cents per pound. Then, upon goods valued in excess of 40 cents the duty becomes ad valorem, or according to their value.

AD VALOREM DUTY—

A stated per cent that is levied upon the value of the goods imported, instead of upon their weight, bulk, or other limit of measurement of the commodity. Ad valorem duties are different and expensive to collect, and increase opportunities for fraud and undervaluation. The value is usually fixed at the point of export; but this is subject to trade fluctuations and to disturbed conditions of foreign exchange, as under present circumstances resulting from the world war. Hence, discussion of the proposed system of "American Valuation" in the pending tariff bill rather than at foreign ports where there exists disparity of values as measured in foreign exchanges, taking the American dollar as the unit.

COMPENSATORY DUTY—

Additional protection where a duty is imposed upon the raw materials used in the manufacture of the article—otherwise known as a compound or mixed duty. The tariff of 1824 was the first to levy this kind of duty. A compensatory duty of so much per pound plus ad valorem rate, say on wool, is designed to protect the manufacturing industry, basing calculations on the assumption that a pound of finished cloth required four pounds of imported wool, wherefore, the duty is fixed at four times the wool duty. Compensatory duties have also been applied, usually in time of war, so as to compensate for taxes levied on internal manufactures of the same nature.

DRAWBACK—

A refund upon the exportation of imported merchandise, of the duties which have been paid thereon. There are two kinds of drawbacks: First, that allowed upon imported goods exported in original packages; second, that allowed upon imported material used in this country in the manufacture or production of articles exported.

By means of the drawback an article upon which taxes are paid when imported, may be exported and sold in foreign markets on the same terms as though it had not been taxed at all. The drawback enables merchants to export imported articles taxed at home and sell them in foreign markets on the same terms as those offered from foreign countries where no tax is imposed. The drawback privilege is limited to operations that can be thoroughly safeguarded.

CUSTOMS LAWS—

The body of Federal Enactments fixing the rates of duty on goods imported from foreign countries, whether specific, or ad valorem, or both; the free list, articles on which no duty is imposed, provisions for the collection of duties, the appraisal of values, and the enforcement of all laws and regulations, including personnel of customs service, pertaining to revenues derived from customs duties, known as the "Administrative Features" of a tariff law. Not the least important of these features are the customs regulations issued by the Secretary of the Treasury and the "Treasury Decisions" of the Customs Division and those of the United States Court of Customs Appeals.

REVENUE—

The revenue of a state or government is the annual income derived from taxation, customs duties, and other sources to be appropriated to governmental expenditures.

The principal sources of revenue of the United States are corporation, excise and individual income taxes, internal revenue or stamp taxes, sale of public lands, and miscellaneous receipts. Until the adoption of the income tax amendment to the constitution customs receipts formed the bulk of the revenue, but this source, however high the rates of duty, would be inadequate to the government's needs resulting from the world war.

FREE TRADE—

This term is used to signify an exchange of merchandise between the people of different countries without the imposition of any tax by the government. A tariff imposed by the government for the protection of home manufactures and workmen is held by the advocates of free trade to be contrary to sound principles of political economy and unjust to the consumers of the articles upon which duties are levied.

PROTECTION—

The principle or system of imposing such duties on goods imported from foreign countries as will protect or foster domestic industries, the duties being levied as nearly as possible to represent the difference between the cost of production here in the United States and in foreign countries. The advocates of the protection policy, from Alexander Hamilton to the present time, regard free trade or a tariff for revenue only as impracticable and destructive of the "home market."

EMERGENCY TARIFF—

Rates of duty imposed temporarily to meet an exigency until a permanent system of rates should be established, such as the present emergency tariff law on agricultural products, enacted pending the passage of a general tariff law. The emergency law will remain on the statute books until superseded by a general revision of the tariff schedules. During the Civil War an emergency tariff was resorted to as a means to produce needed revenue for the prosecution of the war. The existing emergency law was passed (approved May 27, 1921) to protect the domestic agricultural industry when farm products had declined in price to the point of curtailing productivity.

UNDERVALUATION—

Importers are required to make statements under oath of the value of goods imported where the rate of duty is an ad valorem rate; and the government has enacted an extensive system to prevent fraudulent valuations. Nevertheless, designedly, or because of fluctuations of trade conditions and changes in the market, undervaluations occur whereby the government is the loser in revenue and the offender made subject to a heavy penalty.

RECIPROCITY—

The granting by one nation of certain commercial privileges to another, whereby the citizens of both are placed upon an equal basis in certain branches of commerce. Reciprocity is effected by treaties, usually by specific authority of Congress. A reciprocity treaty with Cuba whereby that country was given the benefit of a 20 per cent preferential duty on sugar existed from 1903 until sugar was placed on the free list by the Underwood law. Reciprocity with Canada, proposed by Act of Congress in 1911, was not concluded, Canada rejecting the proposal, after which Congress repealed the act.

SINKING FUND—

An account or fund set aside for the payment of a debt or obligation. It is formed by successively appropriating or setting aside sums for the designated purpose. The present sinking fund to retire the national debt sets apart annually a special fund for the payment of interest on and for the purchase of a given per cent of the national debt. Bonds so redeemed are to be canceled and deducted from the outstanding indebtedness of the government. In addition there is to be purchased annually an amount of government bonds equal to the annual interest on bonds previously bought for the sinking fund. The sinking fund is thus, as far as interest is concerned, in the position of any other holder of the government's obligations receiving interest on the bonds that have been purchased for its account, except that the bonds belonging to it have been canceled and the debt is considered reduced by that amount.

PUBLIC DEBT—

The Government must depend upon its income to meet its expenses as in the case of any business concern. When its income from sources of taxation falls below the required amount the Government must borrow money on its credit. For this purpose it issues interest bearing bonds and applies the proceeds to its needs.

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